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SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN DIEGO

PEOPLE OF THE STATE OF CALIFORNIA,) Case No. 37-2008-00093837-CU-BT-CTL

Plaintiff,

v.

WACHOVIA CORPORATION,
a North Carolina corporation; and DOES 1-200,
inclusive,

Defendants.

**COMPLAINT FOR INJUNCTION,
RESTITUTION, OTHER EQUITABLE
RELIEF, AND CIVIL PENALTIES**

I/C Judge:
Dept.:
Action Filed:
Trial Date: Not Set

Michael J. Aguirre, acting in his official capacity as City Attorney for the City of San Diego, brings this action in the name of the People of the State of California ("Plaintiff"). Plaintiff is informed and believes, and based on such information and belief, alleges the following:

I. NATURE AND SUMMARY OF ACTION

1. In October 2006, Golden West Financial Corporation ("Golden West") merged with Defendant Wachovia Corporation ("Wachovia"). Golden West ceased operations with Wachovia succeeding all of Golden West's rights, titles, and property. As a result of the merger, Wachovia is subject to all of the debts and liabilities of Golden West in the same manner as if Wachovia had incurred them itself.

1 2. Prior to the merger, Golden West and its agents, officers, employees, and
2 affiliated or associated parties engaged in a pattern of unlawful, unfair or fraudulent predatory
3 real estate lending practices causing victims of such behavior in the City of San Diego, and
4 throughout the State of California, to lose or be in jeopardy of losing their homes through
5 foreclosure.

6 3. Golden West's unlawful, unfair or fraudulent predatory lending practices directed
7 against California consumers involved one of the following elements:

8 a. Making loans without consideration or verification of a borrower's ability to
9 repay the mortgage according to its terms;

10 b. Inducing borrowers to repeatedly refinance in order to avoid "payment shock"
11 resulting in a financial advantage to Golden West through the charging of high loan origination
12 points and fees each time mortgages were refinanced; or

13 c. Engaging in fraud, deception or false advertising to conceal the true nature of the
14 loan's obligations.

15 4. This action is brought to enjoin Wachovia, or any of their affiliates, from
16 initiating or advancing foreclosures on any owner-occupied residential mortgage involving
17 subprime, pay-option adjustable rate mortgages originated by Golden West until such time as the
18 borrowers have been evaluated for participation in a loan modification program or offered
19 relocation assistance if ineligible to participate in loan modification.

20 **II. DEFENDANTS AND VENUE**

21 5. Defendant Wachovia Corporation is a corporation organized and existing under
22 the laws of the State of North Carolina that transacts business in the City and County of San
23 Diego, throughout the State of California and elsewhere in the United States.

24 6. Wachovia is named as a defendant because it is now liable for all of the debts and
25 liabilities incurred by Golden West as a result of the October 2, 2006 merger.

26 7. Furthermore, Wachovia now exercises the mortgage servicing functions (e.g., the
27 administration and collection of home loan payments and fees) for loans originated by Golden
28 West, including foreclosure. Wachovia is also named as a defendant because this action seeks to

1 enjoin Wachovia from initiating or advancing foreclosures on any owner-occupied residential
2 mortgage involving subprime, pay-option adjustable rate mortgages originated by Golden West.

3 8. Prior to ceasing operations, Golden West was a corporation organized and
4 existing under the laws of the State of Delaware that transacted business in the City and County
5 of San Diego, throughout the State of California, and elsewhere in the United States.

6 9. Golden West carried out its unlawful, unfair or fraudulent predatory lending
7 practices through several presently unknown affiliates, divisions and subsidiaries which are
8 named herein as DOE defendants.

9 10. The true names of Defendants DOES 1 through 200, who joined in the unlawful,
10 unfair or fraudulent predatory lending practices as officers, agents, employees, associated parties,
11 affiliates, divisions and subsidiaries of either Golden West and/or Wachovia, are currently
12 unknown to the People, who, therefore, sue such Defendants by their fictitious names. The
13 People will seek leave to amend this Complaint to allege the true names of DOES 1 through 200
14 when the same have been ascertained. The People are informed and believe, and based on such
15 information and belief, allege that each of the fictitiously named Defendants participated in some
16 or all of the acts alleged herein.

17 11. At all relevant times, each of the Defendants acted as the principal, agent, or
18 representative of each of the other Defendants, and in doing the acts herein alleged, each
19 Defendant was acting within the course and scope of the agency relationship with each of the
20 other Defendants, and with the permission and ratification of each of the other Defendants.

21 12. At all relevant times, Defendants have controlled, directed, formulated, known
22 and/or approved of the various acts and practices of each of the Defendants.

23 13. Whenever reference is made in this Complaint to any act of any corporate or other
24 business defendant, such allegation shall mean that the corporation or other business did the acts
25 alleged through its officers, directors, employees, agents and/or representatives while they were
26 acting within the actual or ostensible scope of their authority.

27 14. At all relevant times, each Defendant knew or realized that the other Defendants
28 were engaging in or planned to engage in the violations of law alleged in this Complaint.

1 Knowing or realizing that other Defendants were engaging in or planning to engage in unlawful
2 conduct, each Defendant nevertheless facilitated the commission of those unlawful acts. Each
3 Defendant intended to and did encourage, facilitate, or assist in the commission of the unlawful
4 acts, and thereby aided and abetted the other Defendants in the unlawful conduct.

5 15. At all relevant times, Defendants have engaged in a conspiracy, common
6 enterprise, and common course of conduct, the purpose of which is and was to engage in the
7 violations of law alleged in this Complaint. The conspiracy, common enterprise, and common
8 course of conduct continue to the present.

9 16. Whenever reference is made in this Complaint to any act of Defendants, such
10 allegations shall mean that each Defendant acted individually and jointly with the other
11 Defendants named in that cause of action.

12 17. At all times mentioned in this Complaint, Defendants transacted business within
13 and from the City and County of San Diego, State of California, and the violations of law
14 described herein were committed within and from the City and County of San Diego, and
15 throughout the State of California.

16 **III. FACTUAL ALLEGATIONS**

17 18. The factual allegations contained herein are based on information and belief, and
18 are likely to have evidentiary support after a reasonable opportunity for further investigation and
19 discovery, as permitted by the Code of Civil Procedure section 128.7.

20 19. Golden West was a saving and loan holding company headquartered in Oakland,
21 California.

22 20. Its principal business was attracting funds from the investing public and the
23 capital markets and investing those funds primarily in the mortgage loans secured by residential
24 real estate.

25 21. By 2004, Golden West was one of the nation's largest residential mortgage
26 portfolio lenders.

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1 22. At that time, Golden West conducted lending operations in 38 states through
2 offices that were staffed by employees who primarily contacted local real estate brokers,
3 mortgage brokers, and consumers directly regarding home loan purchases and refinances.

4 23. Consumers could apply for home loans directly over the telephone and on the
5 Internet.

6 24. Golden West's principal loan products were 30-year adjustable rate mortgages
7 ("ARMs") carrying interest rates that changed monthly based on the movement in the applicable
8 indexes, and were secured by first liens on residential properties.

9 25. In 2004 and 2005, 99% of the loans originated by Golden West were ARMs.

10 26. Approximately 63% of Golden West's loan portfolio consisted of loans originated
11 in California in 2004 and 2005.

12 27. Golden West's 2004 and 2005 10-K filings tout that the largest source of
13 mortgage origination volume for the company was loans secured by residential property in
14 California, the largest residential mortgage market in the United States.

15 **A. Golden West's Business Model Centered On Risky,**
16 **Non-Traditional Loans**

17 28. Golden West held itself out as a "residential mortgage portfolio lender."

18 29. In order to increase earnings, Golden West focused primarily on expanding its
19 ARM portfolio.

20 30. In this area, Golden West was an industry leader in the origination of risky, non-
21 traditional loans such as ARMs, having begun origination of these types of loans in 1981.

22 31. Examples of "non-traditional" loan products available in the residential lending
23 business include:

24 a. Hybrid adjustable rate mortgages ("ARMs"), which typically provide for a low
25 "teaser" interest rate for a predetermined introductory time period, ranging between 2 to 10
26 years. The majority of ARMs sold to subprime borrowers were so-called "2/28" or "3/27" loans,
27 meaning that the teaser interest rate lasted for only two or three years before "resetting" or
28 recasting to higher interest rates for the remainder of the loan period.

1 b. Interest-only mortgages, which allowed borrowers to pay only the interest
2 accruing on the loan on a monthly basis for a predetermined period of time. At the end of the
3 initial time period, borrowers would then have to pay interest plus principal, and the interest may
4 adjust depending on whether the loan was a fixed or adjustable rate mortgage.

5 c. Pay-option ARMs, which give the borrower the "option" whether to pay down
6 loan principal, to only make the monthly interest payment, or to make a "minimum" payment
7 that is less than the actual interest accruing on the loan principle in a given month. If a borrower
8 elects to make only the "minimum" payment, the difference between that amount and the actual
9 monthly interest accrual is then deferred and added to the remaining loan principal. Thus,
10 making only the "minimum" payment will result in a negative amortization of the loan, *i.e.*, the
11 principal balance increases when less than full interest payments are made.

12 d. Stated-income or "no doc" loans, which were based on a borrower's
13 representations about ability to pay, with little or no documentation from the borrower to
14 substantiate those representations. In these loans, the lender typically agrees not to inquire
15 behind the borrower's represented income, leading many to call these products "liar loans."

16 e. Home equity lines of credit ("HELOCs"), which are second loans secured only by
17 the difference between the value of a home and the amount due on a first mortgage. Upon a
18 default and foreclosure, the HELOC lender receives proceeds from the sale of the underlying
19 home only after the first lien holder is paid in whole. HELOCs sit in the "first loss" position.
20 Therefore, even a 10-20% reduction in home prices can have a dramatic effect on the collateral
21 securing HELOCs – resulting in the entire amount of the HELOC becoming unsecured.

22 40. According to the *Wall Street Journal* in May 2005, 2/3 of all mortgages
23 originated in the United States in the second half of 2004 were adjustable rate or interest-only
24 mortgages.

25 41. In California, the rise of interest-only mortgages was quite dramatic. In 2002,
26 only 2% of all mortgages originated in the state were interest-only. By 2004, the number had
27 grown to 47%. The origination of interest-only loans reached 61% in the first two months of
28 2005, according to the *Wall Street Journal*.

1 42. Golden West was no exception to the dramatic rise in the origination of non-
2 traditional home loans. As stated, 99% of the loans originated by Golden West in 2004 and 2005
3 were ARMs. These figures represented a growth of 5% over the number of ARMs originated in
4 2003, and 7% in 2002.

5 43. Golden West's ARMs typically had the following structural features:

6 a. An interest rate that changes monthly based on an index plus a fixed margin that
7 is set at the time the loan is made. Common indexes used were the Certificate of Deposit Index
8 (CODI), the Golden West Cost of Saving Index (COSI) or the Eleventh District Cost of Funds
9 Index (COFI);

10 b. A monthly payment amount that changes annually. The new monthly payment is
11 usually calculated to be the amount necessary to amortize the outstanding loan balance at the
12 then applicable interest rate over the remaining balance of the loan; and

13 c. The availability for borrowers to select from four monthly payment options,
14 including a fully amortizing payment (*see* above), an interest-only payment, a minimum
15 payment, and a payment that enables the loan to be paid off 15 years from origination. When the
16 minimum payment option is utilized, the borrower's monthly payment is usually not large
17 enough to pay the monthly interest accruing on the loan. In this instance, the deferred interest is
18 added to the outstanding principal balance resulting in "negative amortization."

19 **B. Golden West Engages in Unlawful, Unfair Or Fraudulent Conduct**
20 **By Originating Home Loans Without Consideration Of The Borrower's**
21 **Ability to Repay**

22 44. It is believed that a substantial and material percentage of the home loans
23 originated by Golden West during the relevant period involved significant variations from the
24 company's underwriting standards and were granted without consideration of the borrower's
25 ability to repay the loan.

26 45. The importance of active monitoring and control over Golden West's
27 underwriting and credit risk assessment processes was particularly strong when the company
28 undertook its strategic shift favoring the origination of high-risk, non-traditional loans such as
pay-option ARMs. For example, if borrowers are good credit risks and reasonably sophisticated,

1 they can adjust their mortgage payment options under a pay-option ARM as needed to manage
2 their cash flow needs over time. However, the risk becomes very significant when Golden West
3 sold pay-option ARMs: (1) to riskier borrowers (including those who would struggle even to
4 make the minimum monthly interest payment); (2) at greater than expected loan-to-value ratio;
5 and/or (3) based on limited, if any, income documentation demonstrating a borrower's
6 repayment ability. Yet, Golden West failed to adopt strong internal controls necessary to
7 adequately manage the risks associated with these products.

8 46. In carrying out its lending practices, Golden West failed to comply with prudent
9 lending standards as follows:

10 a. Loan decisions were not based upon all relevant factors including the capacity of
11 the borrower to adequately service the debt over the life of the loan. For example, borrowers
12 were entering into hybrid ARMs and pay-option ARMs were very likely to experience "payment
13 shock" when the interest rates on their monthly loan payments annually reset. Under these
14 circumstances, prudent qualifying standards would recognize the potential effect of payment
15 shock in evaluating a borrower's ability to service debt. Yet, Golden West only evaluated a
16 borrower based on the initial introductory or "teaser" interest rate;

17 b. A borrower's repayment capacity was not evaluated in terms of the borrower's
18 ability to repay the debt by its final maturity at the fully indexed rate, assuming a fully
19 amortizing repayment schedule;

20 c. Borrowers were not qualified based upon a quantification of the borrower's
21 repayment capacity utilizing a proper debt-to-income ratio, which should have included an
22 assessment of a borrower's total monthly housing-related payments (e.g., principal, interest,
23 taxes, and insurance).

24 47. Even when risk-layering features were present, there was an absence of
25 mitigation factors to support Golden West's underwriting decisions. Thus, the borrowers'
26 repayment capacity was not verified, the borrowers' income (source and amount) was not
27 checked, and the borrowers' assets and liabilities were not confirmed.

28 48. These practices clearly demonstrate that almost anyone could get a loan, even if

1 they had very little to no chance of paying it back.

2 49. Golden West's approval of loans that it knew to be high risk and likely to end up
3 in default demonstrates an utter disregard for the well-being of the borrower.

4 **C. Golden West Engages in Deceptive, Predatory Practices**
5 **To The Detriment Of Borrowers**

6 50. Golden West utilized deceptive lending practices to extend credit to individuals
7 who did not understand the terms and dangers of the costly loans they could not afford.

8 51. Golden West's deceptive lending practices included (a) encouraging borrowers to
9 refinance or obtain purchase money financing with complicated mortgage instruments like
10 hybrid or pay-option ARMs that consumers did not understand; (b) marketing these complex
11 loan products by emphasizing the very low initial "teaser" or fixed interest rates; (c) representing
12 to borrowers that they could refinance prior to scheduled interest rate increases without
13 disclosing the dangers of negative amortization or the implications of pre-payment penalties; and
14 (d) routinely soliciting borrowers to refinance.

15 52. For example, Golden West's origination of ARMs demonstrates the predatory
16 lending practices exhibited by the company. As described, these types of mortgages offered low
17 initial payments based on a fixed introductory or "teaser" interest rate that expires after a short
18 period, and then adjusts to a variable interest rate tied to commonly used financial indexes plus a
19 margin for the remaining term of the loan. When the interest rate resets, borrowers usually
20 experience "payment shock" and are unable to afford the higher payments. These types of loans
21 were typically offered to subprime borrowers and issued on a limited or no document basis.
22 Additionally, these loans frequently carry substantial pre-payment penalties. As a result,
23 borrowers of these loans are likely to have to resort to refinancing in order to maintain an
24 affordable monthly payment.

25 53. Golden West deceptively marketed hybrid and pay-option ARMs by aggressively
26 promoting the teaser rate. Advertisements did not effectively distinguish between the "payment
27 rate" and the interest rate on the loans, and contained no warnings about negative amortization.

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1 54. Because hybrid and pay-option ARMs start with lower initial monthly payments
2 and interest rates than most other types of loan products, and given their complex nature, Golden
3 West was able to easily sell such loans to borrowers by focusing on the initial low monthly
4 payment and/or rates and by obscuring or misrepresenting the true risks of such loans.

5 55. Borrowers, enticed by the low teaser rate, did not fully understand the fine print
6 in the loan documents or the financial implications of hybrid and pay-option ARMs.

7 56. Furthermore, Golden West touted its low documentation requirements, urging
8 borrowers to get “fastrack” loans so that they could get cash more quickly. Many borrowers who
9 obtained hybrid and pay-option ARMs possessed sufficient documentation to qualify for full
10 documentation loans. By emphasizing the ease, speed and availability of reduced or no
11 documentation loans, Golden West and brokers concealed the fact that borrowers could qualify
12 for a lower interest rate or reduced fees if they elected to apply for a mortgage by fully
13 documenting their income and assets.

14 57. It is clear that borrowers did not understand the risks and consequences of
15 obtaining adjustable rate loans. Borrowers who obtained these loans faced unaffordable monthly
16 payments after the initial rate adjustment, difficulty in paying real estate taxes and insurance that
17 were not escrowed, or expensive refinancing fees, any of which could cause borrowers to default
18 and potentially lose their homes.

19 58. California consumers were not protected from unfair, deceptive, and other
20 predatory lending practices. Golden West failed to provide clear and balanced information about
21 the risks and features of these loans to the detriment of its borrowers.

22 59. Compounding the predatory nature of Golden West’s lending practices, the
23 company aggressively marketed refinance loans to, among others, its very own customers. In
24 doing so, Golden West created a perpetual refinance market by selling hybrid and pay-option
25 ARMs to borrowers who would have to refinance in order to avoid payment shock.

26 60. Golden West further knew that borrowers who could not afford the inevitable
27 payment increases on such loans and who were unable to refinance would be at great risk of
28 losing their homes.

1 61. Refinancing also served as a means to overcome a borrower's apprehension about
2 purchasing a hybrid or pay-option ARM. WaMu often overcame a borrower's concerns by
3 promising the borrower that they would be able to refinance into a loan with more favorable
4 terms before the interest rate reset and the monthly payments increased.

5 62. Yet, Golden West failed to inform borrowers that refinancing interest-only or
6 negative amortizing loans was highly unlikely unless the value of their home increased
7 substantially.

8 63. Further, Golden West did not adequately inform borrowers about pre-payment
9 penalties that would essentially prevent many borrowers from refinancing prior to rates resetting
10 and the accompanying payment explosion.

11 64. As a direct consequence of Golden West's unlawful, unfair or fraudulent
12 practices, borrowers are likely to be unable to afford the monthly payments after the expiration
13 of the initial interest rate. These borrowers are also likely to experience difficulty paying real
14 estate taxes and insurance. They will likely incurred expensive refinancing fees, frequently due
15 to recurring closing costs and prepayment penalties. Ultimately, most borrowers are likely to end
16 up losing their homes.

17 **D. Golden West's Unlawful, Unfair Or Fraudulent Conduct**
18 **Has Lead Directly to California Homeowners Either**
19 **Having Lost Their Homes To Foreclosure Or They**
20 **Will Face Foreclosure In The Future**

21 65. Due to Golden West's lack of meaningful underwriting guidelines, deceptive and
22 predatory sales tactics, and the complex nature of its ARMs, a large number of Golden West
23 home loans in California have ended in default and foreclosure, or are headed in that direction.

24 66. The latest foreclosure statistics published by DataQuick in July 2008, reflect that
25 a record number (121,341) of "notices of default," the first stage in the foreclosure process, were
26 filed in California during the April – June 2008 period. The number of notices filed was the
27 highest since DataQuick began compiling statistics in 1992.

28 67. DataQuick also reported that most of the loans going into default during the
second quarter of 2008 were for loan originated between September 2005 and November 2006.

FIRST CAUSE OF ACTION

VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17500

(UNTRUE OR MISLEADING STATEMENTS)

68. Plaintiff realleges paragraphs 1 through 67 of the Complaint and incorporates same by this reference as though fully set forth herein.

69. Defendants have violated and continue to violate Business and Professions Code section 17500 by making or disseminating untrue or misleading statements, or by causing untrue or misleading statements to be made or disseminated, in or from the City and County of San Diego, and throughout California, with the intent to induce members of the public to enter into home loans or home equity lines of credit transactions secured by their primary residences.

These untrue and misleading statements include but are not necessarily limited to:

a. Not properly explaining complicated mortgage instruments like hybrid or pay-option ARMs to consumers;

b. Emphasizing the initial or fixed interest rate and not the fully indexed interest rate to be expected over the life of the loan;

c. Representing to borrowers that they could refinance prior to scheduled interest rate increases without disclosing the dangers of negative amortization or the implications of pre-payment penalties;

d. Failing to adequately inform borrowers that negative amortization, interest-only payments and pre-payment penalties would make it substantially unlikely borrowers would be able to refinance prior to interest rate reset; and

e. Steering borrowers into reduced or no documentation loans with higher interest rates or fees when the borrowers possessed sufficient documentation to qualify for more advantageous home loans.

70. Defendants knew, or by the exercise of reasonable care should have known, that these statements were untrue or misleading at the time they were made.

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71. Plaintiff realleges paragraphs 1 through 70 of the Complaint and incorporates same by this reference as though fully set forth herein.

a. By significantly deviating from traditional underwriting standards when originating non-traditional loan products such as hybrid and pay-option ARMs;

c. By utilizing deceptive lending practices including, but not limited to, (i) aggressively promoting hybrid and pay-option ARMs' introductory or teaser rates; (ii) by failing to provide clear and balanced information concerning the risks and features of hybrid and pay-option ARMs; and (iii) by creating a perpetual refinancing market for itself when placing borrowers in loans they had no ability to repay; and

PRAYER

1. For a judgment in favor of Plaintiff and against Defendants;

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1 Business and Professions Code section 17500, including, but not limited to, the acts or practices
2 alleged in this Complaint;

3 3. For a permanent injunction pursuant to Business and Professions Code section
4 17203 enjoining Defendants, their successors, assigns, agents, representatives, employees and all
5 persons who act in concert with them from engaging in unfair competition as defined in Business
6 and Professions Code section 17200, including, but not limited to, the acts or practices alleged in
7 this Complaint;

8 4. For a permanent injunction pursuant to Business and Professions Code section
9 17203 enjoining Defendants, their successors, assigns, agents, representatives, employees and all
10 persons who act in concert with them initiating or advancing the foreclosure of any owner-
11 occupied residential mortgage on any subprime adjustable rate mortgages originated directly by
12 Golden West, one of its affiliates, or through a broker for the time necessary to determine a
13 borrower's eligibility to participate in a Court-ordered loan modification or relocation assistance
14 program;

15 5. For an order pursuant to Business and Professions Code section 17203 that
16 Defendants formulate a loan modification program applicable to all subprime adjustable or fixed
17 rate mortgages and pay option adjustable rate mortgages for owner-occupied residential property
18 originated by Golden West, one of its affiliates, or through a broker between October 15, 2004
19 and October 15, 2008. Borrower eligibility to participate in the loan modification program
20 to be established on the following conditions:

21 a. If a borrower is 60 days or more delinquent and the current loan-to-value ratio is
22 75% or higher;

23 b. If a borrower is current as of the date of the Court's order but becomes 60 days or
24 more delinquent at any time prior to October 15, 2018, and the loan-to-value ratio at the time of
25 the modification is 75% or higher;

26 c. If a borrower has a subprime ARM and the borrower is current as of the date of
27 the Court's order but is reasonably likely to become 60 days or more delinquent as a

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1 consequence of a rate reset, and the loan-to-value ratio at the time of the modification is 75% or
2 higher; and

3 d. If a borrower has a pay option ARM and the borrower is current but reasonably
4 likely to become 60 days or more delinquent as a consequence of a rate reset or payment recast
5 based on negative amortization, and the loan-to-value ratio at the time of the modification is 75%
6 or higher;

7 6. For an order pursuant to Business and Professions Code section 17203 that
8 Defendants waive any and all late or delinquency fees for missed payments;

9 7. For an order pursuant to Business and Professions Code section 17203 that
10 Defendants waive any and all loan modification fees;

11 8. For an order pursuant to Business and Professions Code section 17203 that
12 Defendants waive any and all prepayment penalties for borrowers who receive modifications,
13 pay off, or refinance of their loans;

14 9. For an order pursuant to Business and Professions Code section 17203 that
15 Defendants provide a cash payment to assist in relocation costs for all eligible borrowers facing
16 foreclosure who forgo participation in the loan modification program and who agree to
17 voluntarily leave the premise at the time of the foreclosure sale;

18 10. For an order pursuant to Business and Professions Code section 17203 that
19 Defendants provide a cash payment to all eligible borrowers whose owner-occupied residences
20 have either experienced a foreclosure sale or are 120 days or more delinquent as the date of the
21 Court's order;

22 11. For an order pursuant to Business and Professions Code section 17203 that
23 Defendants retain an adequate number of personnel to assist with loan modification and other
24 foreclosure avoidance measures;

25 12. For an order pursuant to Business and Professions Code section 17203 that
26 Defendants proactively seek delinquent borrowers and offer streamlined loan modifications or
27 other forms of assistance;

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1 13. For an order pursuant to Business and Professions Code section 17203 that
2 Defendants report their progress in complying with the Court's orders on a regular basis;

3 14. For the imposition of a civil penalty of \$2,500 pursuant to Business and
4 Professions Code section 17536 against each Defendant for each violation of Business and
5 Professions Code section 17500, in an amount according to proof;

6 15. For the imposition of a civil penalty of \$2,500 pursuant to Business and
7 Professions Code section 17206 against each Defendant for each violation of Business and
8 Professions Code section 17200, in an amount according to proof;

9 16. For costs of suit incurred herein; and

10 17. For such further and other relief as the Court deems just and proper.

11
12 Dated: 14 Oct 08


MICHAEL J. AGUIRRE, City Attorney

Attorney for Plaintiff